

ARIZONA CORPORATION COMMISSION

Executive Director, Matt Neubert

## COMMISSIONERS

Chairman, Robert "Bob" Burns  
Boyd Dunn  
Sandra D. Kennedy  
Justin Olson  
Lea Márquez Peterson

July 19, 2019

Mr. Donald E. Brandt  
Chairman and Chief Executive Officer  
Arizona Public Service Company  
400 N. 5th St.  
Phoenix, AZ 85004

**VIA HAND-DELIVERY & EMAIL**  
[Donald.Brandt@pinnaclewest.com](mailto:Donald.Brandt@pinnaclewest.com)


Re: E-00000A-19-0128


Dear Mr. Brandt:

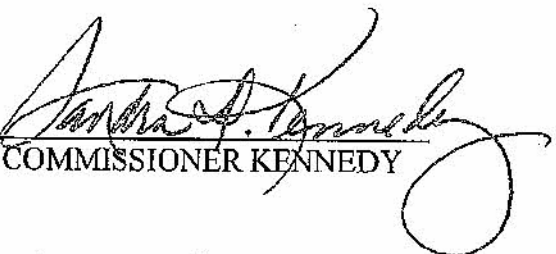
The Arizona Corporation Commission ("Commission") is currently investigating the disconnection policies of regulated entities, spurred by the allegations that the Arizona Public Service Company ("APS") policy on disconnections contributed to the deaths of two APS ratepayers. As a part of its investigation, the Commission requests that, as Chairman of the Board and Chief Executive Office of APS, you appear before the Commission to respond at the Open Meeting scheduled for August 6-7, 2019. The Commission will reserve the afternoon of August 7, starting at 1:00 p.m. In addition, you may bring the appropriate APS executives and employees to assist you in your responses.


To assist the Commission with its investigation, included in this letter is a list of questions to aid you in your preparation.


Thank you for your cooperation in this matter.

  
CHAIRMAN BURNS

  
COMMISSIONER DUNN

  
COMMISSIONER KENNEDY

  
COMMISSIONER OLSON

  
COMMISSIONER MARQUEZ PETERSON

cc: Robert E. Smith  
APS Board of Directors



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## CURRENT PROCEDURES

1. What procedures are in place for customers to notify the company of health, age, and medical device related considerations regarding energy access?
2. What procedures are in place for customers to add a third-party agent to their accounts for notification, payment, and account management? Third Party Designees
3. The rules allow the utility to contact a customer designee third party if there are any issues with the account. What are the challenges with making this designation a requirement for members of our vulnerable population?
4. What is the process now for contacting the designee in the case that a customer's service is being disconnected?
5. What resources are made available by the company to notify non-English speaking populations of disconnect policies?
6. Describe the current process of APS for notifying customers of outside resources for bill assistance. Is there information to this effect listed on the APS website? On the APS mobile app?
7. Describe the current process and restrictions for switching rate plans at APS.
8. Do APS customer service representatives make any effort to proactively reach out to customers who are late on payments to educate them of assistance options or repayment plans?
9. What is the process a customer must go through to qualify for low-income assistance as an APS customer? Did Ms. Pullman qualify for low-income assistance programs?

## REPORTING TO COMMISSION

10. In the latest Annual Report filings to the Commission the requirement to include disconnection data was waived for APS. As far as you know, has this requirement been eliminated for any other utilities in the state?
11. What role did APS play in advocating for changes to disconnect reporting in the Annual Report filings?
12. In 2018 there were over 110,000 customer disconnections. In 2017 that number was 55,792. In 2016, that number was 88,429 and in 2015, that number was 77,929. What is the cause for such a sharp increase in disconnections?

## PERSONAL CONTACT

13. Are you aware of Decision No. 67744 in 2005 that allowed APS's disconnection requirements, including liability from harm and the requirement for a personal visit, to be less than the Commission rules require?



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14. Which APS employees were involved in Decision No. 67744, specifically the part regarding changes to Schedule 1 7.1? Are any of them executives within the company today?
15. How and why did APS decide to request changes to Schedule 1 7.1?
16. Before the incident surrounding Ms. Pullman, when your third-party contractors visited homes to leave door hanger notices were, they required to make 'personal contact'? Did they attempt to make personal contact with customers? Did they knock on the doors? Did they initiate conversations?
17. Commission Rule A.A.C. R14-2-211(e)(4) requires the utility to "make a personal visit to the premises" prior to disconnection. How does the company interpret this requirement? Does the company believe that hanging a door hanger is sufficient to satisfy this requirement?
18. How long has the company used a third party to serve this function?
19. Does the third party ever have personal contact with the customer?
20. How does the company ensure that the doorhanger was delivered?
21. Does the company retain files of the contact made by the third party. What type of verification was in place and documentation required at the time of the contact with Ms. Pullman? Has the verification changed since that time?
22. If we were going to require documentation of this contact, what would you propose?

#### HIGHER RATES

23. Many have made the claim that higher than advertised rates following the most recent APS rate case have led to an increase in disconnections in 2018. Do you have any proof that increased rates and an increase in disconnections are not related?

#### PULLMAN CASE

24. Ms. Pullman had a door hanger notification placed at her residence on September 5, 2019. Her power was disconnected on September 7, 2019. This would not have given Ms. Pullman enough time to mail in a payment even if she responded immediately to the notification. The previous month, in August, Ms. Pullman also received a door hanger notification. In that instance, APS accepted payment six days after that notification was delivered without disconnecting power. Why was there a discrepancy in policy between August and September? Isn't it reasonable to assume Ms. Pullman felt she may have had additional time to respond to the most recent door hanger notice based on historical precedent?



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25. Why was Stephanie Pullman's power disconnected two days after she paid \$125 toward her bill? Is that typical?
26. Was there any attempt to notify Pullman that the payment would not satisfy her bill and would not forestall the disconnection of her power?
27. Do you believe this disconnection fits within our disconnection rules in September 2018?
28. Under the Commission's emergency rules, would the utility be able to disconnect that customer?
29. When the door hanger was delivered on September 5, 2019 a partial payment of \$125 was received the same day. That payment was made, according to APS, by a 'third-party'. Can you clarify what that means? Do you know specifically in this case what method was used to make the payment (i.e. online, in-store, through a family member or agency, etc.)?
30. Is there any evidence to suggest the payment was made in response to receiving the door-hanger notification, or was the same-day payment merely coincidental?
31. What is the current delinquent amount that customer accounts must accrue in order to be disconnected?
32. After reviewing Ms. Pullman's billing history, can you tell us whether her average monthly bill was higher or lower than it was prior to the most recent rate case?
33. When Ms. Pullman's daughter, Ms. Smith, contacted ACC Staff, an inquiry report was created, and APS was notified. Please describe APS interactions with Ms. Smith, following notification of her inquiry.
34. When was APS made aware that Ms. Smith, felt electric disconnection may have played a role in Ms. Pullman's death?
35. Were legal attempts ever made to enter into a settlement agreement with Ms. Smith pending non-disclosure?

#### MORATORIUM ON DISCONNECTS; COMMISSION EMERGENCY RULES

36. Following news of Ms. Pullman's death, the Commission passed an emergency moratorium on disconnects until October. To date, how many disconnections have been prevented by this moratorium?
37. To date, how large are unpaid bill accruals following the disconnection moratorium? How large do you expect them to grow to during the four-month disconnection period?
38. What changes have the company made since implementation of the emergency disconnection rules?
39. The rules require the company to send disconnection notices in the summer that explain the customer's power will remain on due to Commission policy- does the company intend to track those 'would be' disconnection letters?
40. Will the company be able to report in the Fall how many customers have been forced onto the four-month payment plan?



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## ADDITIONAL INCIDENTS AND LEGAL ACTION

41. According to company responses to requests for additional incident data APS noted that there were four additional occurrences where disconnections for non-payment have been alleged to have had an impact on the health of a customer. Two additional deaths were acknowledged. Each resulting in a settlement agreement between APS and the families of the deceased. Did these settlements result in financial payments by APS? If so, were these payments paid for with ratepayer funds?

## ACTIONS TAKEN

42. Following this incident with Ms. Pullman, what steps has APS taken internally to address the failures of the current system?
43. Has the company met with, or communicated with, other major utilities around the country to understand how they handle weather related disconnections?
44. What changes to ACC disconnection policies do you feel should be made?

## DISCONNECTIONS

45. Please be prepared to discuss the company's disconnection policy and practice in September 2018.
46. Can you describe the notices that are given to customers who have fallen behind on their bills?
47. How much time are customers given to try to pay down their bill?
48. How does the company typically respond to partial payments of a delinquent bill?
49. Does the company notify the Commission regarding complaints made to the company by a customer alleging an unfair disconnection?
50. We understand the company is completing a review of their disconnection policy- where is the company at in that process? What changes do you expect?

Please describe:

51. The effects of the disconnection moratorium both before and after June 20, 2019, including, but not limited to, the status of customer accounts in arrears after the moratorium and the efforts APS have made to communicate the moratorium and the options to customers.
52. The disconnection procedures of APS prior to the moratorium and any modifications APS intends to implement once the moratorium is lifted.

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53. The procedures employed by APS to assist customers in arrears, including work-out plans and options for pay-over-time.
54. The demographics of customers disconnected since 2016 and any known information about why the customer was in arrears (i.e. how many customers made partial payments and were still disconnected).
55. The bill assistance available to customers, qualifying criteria, enrollment communications, and subscription to these programs.
56. Any additional allegations by customers that they were disconnected in violation of the Arizona Administrative Code Title 14, Chapter 2, Article 2, regarding Electric Utilities' Termination of Service between the years of 2009-to date.

#### GENERAL QUESTIONS FOR DONALD BRANDT

57. Mr. Brandt, does APS have a written disconnect policy?
58. Mr. Brandt, is that policy identical for both winter and summer seasons?
59. Did you, Mr. Brandt, approve APS's disconnect policy? If no, who did?
60. Other than the recent temporary moratorium on disconnects, has APS made any recent modifications to its disconnect policy? If yes, Mr. Brandt, did you approve those modifications? If yes, why and what are those changes?
61. On June 13 of this year, APS announced that it would be temporarily suspending disconnection of customers that are behind on their payments to APS. Mr. Brandt, did you approve that press release? If no, who did?
62. Mr. Brandt, did you approve the temporary suspension of disconnects for customers that are behind in their payments to APS? If no, who did?
63. The June 13<sup>th</sup> press release states that APS will be working with community organizations, advocates for limited-income customers, and other public agencies on options to help customers. Mr. Brandt, has that work begun?
64. What organizations, advocates, and public agencies has APS worked with?
65. Mr. Brandt, have you personally been involved in working with these organizations, advocates, and public agencies?
66. Mr. Brandt, who from APS has been involved in working with these organizations, advocates, and public agencies?
67. Mr. Brandt, what useful information has APS obtained in working with these organizations, advocates, and public agencies?